

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2017-1

**NOTICE OF REVISIONS TO
UNITED STATES POSTAL SERVICE
NOTICE OF MARKET-DOMINANT PRICE ADJUSTMENT,
ATTACHMENT A, AND ATTACHMENT B -- ERRATA
(October 28, 2016)**

On October 12, 2016, the Postal Service filed its notice of market dominant price adjustments in this docket. Revisions to that Notice, emanating from several sources, are discussed below.

Standard Mail

The Postal Service is changing 28 Standard Mail prices, as shown in the attached pages from Attachment A. Some of the changes reflect the Postal Service's response to CHIR 2, Question 2(b-c), which announced that, for expediency, the Postal Service would be aligning nonprofit and commercial discounts for Commercial and Nonprofit High Density Letters and Flats, using the Carrier Route Letters and Flats benchmarks. In making these changes, the Postal Service identified additional unequal discounts between Commercial and Nonprofit for Carrier Route dropship discounts. Nonprofit prices are changed to equalize these discounts. Whenever changes were made to the nonprofit piece prices, changes were also made to the pound prices to maintain the price relationship that existed previously. When changes were made to nonprofit pound cells to maintain the piece/pound price relationships, the same changes

had to be made to Commercial pound cells to keep those discounts equal; this resulted in changing two commercial pound prices in Carrier Route. All the changes were done to equalize the discounts and maintain the price relationships between piece and pound rates. These price changes, along with some corrections to USPS-LR-R2017-1/2 described in a separate errata notice today, increase the price change percentage for Standard Mail from 0.895 percent to 0.899 percent. They also lead to changes in Attachments A and B, provided below.

Periodicals

In response to ChIR No. 4, Question 1, the Postal Service is updating Attachment B (tabs “Periodicals Outside County,” “Per. Bundle-Container Pricing,” “Periodicals Within County,” and “Within County Worksheet”) with cost avoidance data from the FY 2015 Annual Compliance Report (FY2015 ACR). Those changes are explained in the Postal Service’s response to the ChIR No. 4, Question 1, rather than being incorporated into the text of the Notice of Market Dominant Price Change. However, as noted in that response, the Postal Service does not believe that the cost avoidance data from the FY2015 ACR should be used to calculation workshare passthroughs in this Docket.

Special Services

In response to ChIR No. 1, Question 2, the Postal Service made corrections to USPS-LR-R2017-1/5. The changes reduced the price change percentage for Special Services from 2.536 percent to 2.515 percent.

Summary of Changes

The resulting changes in the text of the October 12 Notice are as follows:

Page 5, Note 6

Changed “proposed” to “proposed prices” in second line.

Page 7, Table 3

Standard Mail row, change “0.895” to “0.899”

Special Services row, change “2.536” to “2.515”

Page 8, Table 4, Standard Mail section

R2017-1 row, change “0.473” to “0.477”

Total row, change “0.034” to “0.030”

Page 24, Table 8

High Density / Saturation Letters row, change “2.295” to “2.211”

High Density / Saturation Flats and Parcels row, change “-2.025” to “-2.022”

Carrier Route row, change “-3.090” to “-3.032”

Overall row, change “0.895” to “0.899”

Page 26, second to last line

Change “0.895” to “0.899”

Page 47, sixth line

Change “0.895” to “0.899”

Pages 49-50

Relocate paragraph starting “In the FY 2015 ACD” to after the paragraph starting “the passthroughs for barcoding”, and make conforming changes

Pages 55, eighth line

Change “DDU” to “DNDC”, as noted in response to ChIR No. 1, Question x.

Copies of the revised pages (5, 7-8, 24, 26, 47, 49-50, and 55) of the Notice are attached below.

The changes to Attachment A are highlighted in yellow (pages 27, 28, 33, 36, and 37).

The tabs with changes to Attachment B also are highlighted in yellow. The Periodicals changes relate to the use of FY2015 ACR cost avoidance data for the calculation of Periodicals workshare passthroughs, and are also explained in the Postal Service’s response to ChIR No. 4, Question 1, filed today. The Standard Mail changes

reflect the price changes described above. The revised Attachment B is provided in Excel format, as part of this filing.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**REVISED PAGES FOR
ATTACHMENT A
October 28, 2016**

1205 High Density and Saturation Letters

* * * * *

1205.6 Prices

Saturation Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.186	0.111
DNDC	0.162	0.087
DSCF	0.155	0.080

High Density Plus Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.196	0.115
DNDC	0.172	0.091
DSCF	0.165	0.084

High Density Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.199	0.118
DNDC	0.175	0.094
DSCF	0.168	0.087

*Saturation, High Density Plus, and High Density Nonautomation Letters
(3.34.0 ounces or less) Commercial*

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	0.218	0.228	0.248
DNDC	0.178	0.188	0.208
DSCF	0.164	0.174	0.194

*Saturation, High Density Plus, and High Density Nonautomation Letters
 (3-34.0 ounces or less) Nonprofit*

Entry Point	Saturation (\$)	High Density Plus (\$)	High Density (\$)
None	0.136	0.146	0.167
DNDC	0.096	0.106	0.127
DSCF	0.082	0.092	0.113

*Saturation, High Density Plus, and High Density Nonautomation Letters
 (more than 3-34.0 ounces) Commercial and Nonprofit*

Saturation, High Density Plus, and High Density letter-shaped pieces, ~~and letter-shaped pieces without eligible barcodes or not meeting automation letter standards,~~ that weigh more than 3-34.0 ounces must pay the piece and pound prices shown in the applicable Standard Mail (Commercial and Nonprofit) Saturation, High Density Plus, and High Density Flats (Commercial and Nonprofit) price tables (1210.6). These pieces cannot be entered at a DDU and must be prepared as letters.

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Forwarding-and-Return Service

If Forwarding-and-Return Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.44 per piece and returned letters pay the applicable First-Class Mail price. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece plus the price multiplied by a factor of 2.472.

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Earned Value Reply Mail Promotion (January 1, 2017 to June 30, 2017)

Provide a \$0.05 per piece rebate on all Business Reply Mail, Courtesy Reply Mail, and ~~Alternate Postage~~ Share Mail pieces that meet program requirements and are placed in the mailstream by the recipient and scanned during the program period. To receive the rebate, registered customers must have distributed a Business Reply Mail, Courtesy Reply Mail, or ~~Alternate Postage~~ Share Mail card or envelope, and must comply with all other eligibility requirements of the program.

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b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.615	0.445
DNDC	0.454	0.284
DSCF/DFSS	0.400	0.230
DDU	0.363	0.193

High Density Flats (~~3.34.0~~ ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.248	0.167
DNDC	0.208	0.127
DSCF/DFSS	0.194	0.113
DDU	0.185	0.104

High Density Flats (greater than ~~3.34.0~~ ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

	Commercial (\$)	Nonprofit (\$)
Per Piece	0.094	0.056

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1215 Carrier Route

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1215.6 Prices

Carrier Route Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.290	0.209
DNDC	0.260	0.179
DSCF	0.252	0.171

Carrier Route ~~Nonautomation~~ Letters weighing greater than 3.35 ounces, but not more than 4.0 ounces

Carrier Route letter-shaped pieces, ~~and letter-shaped pieces without eligible barcodes or not meeting automation letter standards,~~ that weigh more than 3.35 ounces, but not more than 4.0 ounces, must pay the prices shown in the applicable ~~Standard Mail (Commercial and Nonprofit)~~ "Carrier Route Flats (4.0 ounces or less)" price tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Carrier Route Letters weighing greater than 4.0 ounces

Carrier Route letter-shaped pieces that weigh more than 4.0 ounces must pay the per piece and per pound prices shown in the "Carrier Route Flats (greater than 4.0 ounces)" price tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Carrier Route Flats (3.34.0 ounces or less)

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallet	Other	5-Digit Pallet	Other	
Origin	0.270	0.290	0.189	0.209	
DNDC	0.240	0.260	0.159	0.179	
DSCF	0.232	0.252	0.151	0.171	
DDU	0.221	0.241	0.140	0.160	

Carrier Route Flats (greater than ~~3.34~~ 3.4 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	0.090	0.110	0.051	0.071	
DNDC	0.090	0.110	0.051	0.071	
DSCF	0.090	0.110	0.051	0.071	
DDU	0.090	0.110	0.051	0.071	

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)		
	5-Digit Pallets	Other	5-Digit Pallets	Other	
Origin	0.720	0.720	0.550	0.550	
DNDC	0.600	0.600	0.430	0.430	
DSCF	0.568	0.568	0.398	0.398	
DDU	0.524	0.524	0.354	0.354	

REVISED ATTACHMENT B
October 28, 2016

Please see *Workshare Tables (Attach B)Rev10-28.xlsx*,
filed concurrently with this Notice.